

## Computation of Legal Debt Margin September 30, 2002

<b>TABLE 6</b>
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The Constitution of Texas in Article 11, Section 5, limits the maximum amount that a home rule city can tax to \$2.50 per \$100.00 of valuation and the same Article provides that no debt shall ever be created by any city unless at the same a time provision is made to assess and collect annually a sufficient sum to pay the interest thereon and create a sinking fund of at least two percent thereon. The Attorney General of Texas, in connection with the quoted provision, has created a rule for the guidance of home rule cities which states that the bond allowable under this constitutional provision shall be on the basis of no greater than \$1.50 per \$100.00 of valuation unless the city charter provides for less than the maximum specified in the Attorney General's rule. City Charter Section 6.13, as amended in November 1995, limits the total overall outstanding debt to 10% of the total assessed valuation of the City. At this time, the City has allocated approximately \$0.145776 of the total tax rate.

Assessed value based on 2002 tax roll .....

Maximum amount of bonded indebtedness based on such assessed value \$5,558,529,457

Amount of debt applicable to said maximum debt limit: \$555,852,946

Total General Obligation Bonds and Certificates of Obligations ...

(Percentage of G. O. and C. O. debt to assessed value \$153,675,000

Less: Debt Service Fund Balance as of September 30, 2002 2.76%

Total Amount of debt applicable to debt limit \$5,658,986

The Debt Margin between current indebtedness and maximum allowable \$148,016,014

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\$407,836,932